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Gordon, and Gentlemen:

I'll deal with Gordon's questions at the end of my remarks, not at the beginning. I was telling Gordon that if I feel a little weak this morning, a young man named Adenauer kept me up too late last night debating the relative progress of the economies of the United States and the Soviet Union.

There were quite a list of questions that were presented in the agenda here and I think you want me to talk about 15 minutes, and then will you check me on that? - - and then have questions. And each one of them would furnish food for thought, so I've taken just a minor, small question - the changing Soviet threat - military, economic, psychological and subversive. I thought that would (Laughter).

Before I really get going, I would like to reinforce what Gordon says about great work of the Advertising Council. I have had frequent occasions to be in touch with it (of course very covertly), I've always found it responsive to the proper call of government within the proper field. I think it is an absolutely indispensable organ. I might say of American policy and American endeavor in the over-all field and particularly in the foreign field.

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About a year ago, I had the pleasure of meeting with you. Since that time there've been a good many developments. I'd like to take one and discuss it a bit and its impact on the world situation; and that new event, not new in the sense that it was unexpected, but new in a sense possibly of bringing in a new era in international relations, and that was the advertised test of the Soviet Union into the Southern Pacific: the ICBM test. That, I feel, was significant because it was advertised, and speaking to the Advertising Council you'll understand that. They did that for a very distinct purpose. They did not need to tell the United States Government what the situation was because we knew quite well that they had the power to do this, and to send a missile further if they wanted. The power to send a missile to the Far Pacific is not, does not, have to be the same as the power to send a missile to the moon. The moon's further away than the Far Pacific. I think they did it, however, in order to sort of notify the world that they had this capacity and do it in a very blatant and open manner. They had tested to the Far Pacific before. This is off the record, is it not? There's no news men present as such?

Response by unidentified person: That is correct. This is off the record, Allen; I should remind you that this proceeding is being taped by White House Signal Office for the convenience of the White House but not for public dissemination.

AWD: Right!

They wanted to advertise for policy and prestige purposes that the ICBM was now an operational unit in the defense and offense of forces of the Soviet Union. And also that it would be an ever-growing threat for any country against which the Soviet Union chose to use it. Since it was a kind of a nuclear blackmail, the fact that they advertised these tests to about 8,000 miles - 8,000 statute miles - was I believe for this particular purpose. As I say, this came as no surprise. We had been following with a good deal of care the Soviet testing program not only in their long range missiles but also in their shorter range missiles and the fact that they could do this and do it with reasonable accuracy was well known.

We do not, are not able to say whether the accuracy of that particular test was as advertised by the Soviet since we do not know what their target area, the exact target area, that they had in the Pacific. We do know, however, that it went into the general target area because before they made these tests they had certain well-equipped radar vessels in the area and they posted them in a certain place in the Pacific and then they shot into that general area. So that we know that they got somewhere near their target but obviously we didn't know exactly within a few miles what their target was. So it of course had no monopoly in this field.

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I see Neil McElroy and others there that know very well where we ourselves stand, and we could have done approximately what the Soviet did. They may have propulsion engines a little more powerful today than we have, partly because there's not very much point in sending a missile further than a certain number of miles to reach any target one wants to reach. I have on my walls of my office a map showing where this particular shot went, and if you swing that around it covers all of the United States down to the Panama Canal and the Northern coast of South America.

I'm not going to deal here with the problem of the missile gap, if there be one, that'll be - you'll have other speakers here today, Herb York has just spoken, I think, some good sense on that subject, and he and others from the Defense Department will be before you. I will say this, that there is no doubt that shortly after the close of World War II the Soviet Union decided that the long-range missile was their great target in the military field. From their particular location as they are placed geographically, this is the type of missile that is most useful to them. They do not have overseas bases near to the United States, they do not have the opportunities that we have because of our geographic position and our alliances to get near to what might be the chosen enemy.

And realizing this, since about 1948, having taken over the German technique and the German technicians and German hardware - a part of it at least (we took over some of it in the V-2, the German ballistic missile as of the end of the war) - they moved on very rapidly with a very careful well-planned, well-organized series of tests beginning in about '47-'48 right up to the present time. We do not feel however that this program of the Soviet Union has been put on what I might call a crash basis. They have many, as I will point out in a moment, they have many competing problems and they have geared their missile program into their over-all military program including great emphasis on defense against our possible bomber attack and our potential in the bomber field and I would feel they have put as much emphasis probably on the defense, to defend the homeland, as they have on offense.

I have every confidence in the ability of this country to meet and to fill any missile gap that may exist. There's some advantages in being a hind-runner in a race. We can profit to some extent by what they have proved is do-able and I believe that we have technicians, capabilities at least equal to that of the Soviet Union and, if you get on the industrial side, of course far superior to the Soviet Union.

It is a threat, it is a serious threat, has to be taken seriously, but I don't see any reason to be panicky about it. We are often inclined, I think, maybe a little bit on Capitol Hill, to get into kind of a numbers racket on this. The ICBM, the IRBM, this whole family of missiles is a very complicated family. You can't just count numbers of ICBMs. One has to take into account in appraising our relative situation many many things. The numbers of missiles has to be considered in connection with their reliability, in connection with their accuracy, in connection with their deployment - in many cases an IRBM in our hands, particularly a Polaris weapon, can be as useful as an ICBM in the hands of others.

And it is necessary, I think, to get a very measured picture but one that should not of course lead us to any complacency. I would like just to add this: We estimate. When I say we estimate, this leads me to just say a word about estimates in the Intelligence Community. We have, I think, now achieved and it is with the closest cooperation with the Department of Defense and Department of State, a quite well integrated and unified organization in the Intelligence Community. We pool our resources. And we're working together very harmoniously in the intelligence field. There's naturally competition here and there. Competition is a good thing; it's a good thing in intelligence as it is in industry. We haven't any anti-trust

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laws in the intelligence field but we do each have our separate fields of activity - working with the State Department officers in the field and at home, our Military Attaches of the various Services, our scientists and our technicians, - as I say we pool our resources.

We get together at least once a week in what we call the United States Intelligence Board. And there we prepare, we pass on, the final drafts of these various estimates, including an estimate as to let's say the Russian missile and other strengths in the field of strategic attack, and many other fields. We'll estimate anything anybody wants us to estimate within our field. We keep out of making net estimates. We're not experts in the United States position. We just estimate where we think the Soviet Union is or where we think any other country is, or what is likely to happen in any particular country. And despite what was said at the Gridiron Dinner the other night, I don't turn to the Bureau of the Budget and ask them how many missiles I can give the Soviet Union, as was suggested at that time - in fun!

We try to look at the facts without fear or favor whether Neil McElroy or the Defense Department likes them or doesn't like them, or whether the Secretary of State likes the reports we make or not. That's none of our concern. We try to report exactly the facts as we find them, and we have many differences of opinion. If any member

of the United States Intelligence Board which includes myself as Chairman, the representative of Intelligence for the State Department, the representative of Intelligence for the Defense Department, and then the G-2 of the Army and the A-2 of the Air Force, and the Director of Naval Intelligence and a representative from the Federal Bureau of Investigation, the National Security Agency, and the Atomic Energy Commission for their particular specialities.

So when I say here we estimate, I am basing these few statements that I will give on our national estimates. We estimate that today Khrushchev does not consider that he could knock us out - knock out the United States - without risking unacceptable retaliatory damage. We also estimate that Khrushchev has no plans to attack us at a given moment in the future if we keep our guard up, that is if we keep our defense up. We estimate that Khrushchev does not believe that it is necessary to destroy the world by nuclear attack in order to win it. He has other means, he believes. And we believe that he is putting equal emphasis on other than military means to achieve his ends. He believes that he can win the world by the drive and vigor of Communist ideology plus certain specific implementing courses of action.

Those include, many of them, but they---those include penetration of selected key areas. For example take Indonesia, Southeast Asia, particularly Laos, and Cambodia, India, Iraq, and now upcoming with more and more importance from their point of view because of the impending chaos there, Black Africa. The Communist resources throught the world, and they're very considerable, the Communist Parties, their front organizations, their deep cover agents throughout the world particularly in this Hemisphere, have been told to exploit the theme of nationalism and anti-Americanism. We see some of the effects of that in Cuba and in the Caribbean and further deep in Latin America today. And we know pretty well what reports they get. It is not too difficult to penetrate the Communist Parties throughout the world. We have done that - done that quite effectively, I think - and we know, we know what the instructions are from Moscow that are given to the Communist leaders of countries like Cuba, Indonesia, India and others. And they differ to some extent. I haven't the time to go into that in detail today, but we know what their program in is these respects because they cannot keep that secret. The Communists are fairly talkative at time, and the people they're dealing with are not the hard-boiled deep-cover agents only of the Soviet Union whose security is good, but they are the Communist leaders of these various other countries.

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They are therefore fomenting and aiding nationalist revolutions in this Hemisphere and also in countries like Afghanistan, Iran and various parts of Black Africa. As I said, they have their popular front in addition to their parties in many countries. Their parties are strong, the Communist parties are strong, in many countries of the world. In Europe their strongest party today is in Italy; they still have a strong party in France, and in Indonesia, Japan and parts in the Far East and Southeast Asia. And they are capitalizing on the fact that today we are going through and will be going through for many years a crisis in the Republican-Democratic form of government. It has proved practically impossible to translate on a world-wide basis the type of government organization that we have here in the United States, that England has, that many of the European countries have. They are not ready for it. They can't handle it. They've tried to do it and I think we'll have to find that, to see many years, before they can evolve to a situation where they can have anything like our form of government that we have. I think maybe we've made some mistake from time to time to expect that they would be able to do that. We have seen in order to avoid going over to a Communist form of government, they've gone to military dictatorships and in many cases these have worked out pretty well. Pakistan, Sudan, and in many countries,

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Burma, it has been in this way that they are trying to tide over the period of their tutelage in government. And I think we must be very patient with them.

I will stop now - - - - I have 10 minutes more?

Response: Well, I mean if you're going to answer questions --

AWD: I'll be glad to. I'll close then in about three minutes.

We in this country and in other countries of the Western world with our Free Press, we see our own problems and we advertise our own problems very freely, and members of the Advertising Council understand that. Sometimes I think we do it a little bit too freely, but it's a free world and we have a free press, thank goodness. One thing we don't see is, don't understand, the problems the other fellow has. They do not advertise. The Soviet Union rarely advertises the terrific problems that they are facing today. But that would be another speech.

In agriculture they're having a very difficult problem. They are having a very difficult problem meeting the consequences of the great leap forward in education. You can't educate a man without giving that man a thinking apparatus. When he begins to think, he is not going to restrict his thinking to the technical fields where the Soviet would like to keep that particular individual.

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We have had some very dramatic reports recently about the what I would call the intellectual unrest in the Soviet Union as a result of this. Khrushchev, while the master, and the undisputed master of the Soviet Union today, is not the master to a point where he can act in total disregard of the feelings of the peoples of the Soviet Union. He's finding that more and more. He's caught in a way. In order to get the great industrial advance, he has had to educate; the scientific advance, he's had to educate. But as he educates his own people, he may be educating Russia over the years - it's not going to be quick - by evolution - I don't believe there's going to be a revolution there - but by evolution he may be creating a situation where over the years we will have a somewhat different Russia than we face today, and possibly one somewhat easier to deal with. It will not be easy for the immediate future and we have many many problems.

I'll stop there. Thank you very much.

(Applause.)

QUESTION PERIOD

Allen, most of these ladies and gentlemen I think attended the dinner last night at the Mayflower - I believe you were unable to be there - and there was a panel discussion by several newspaper people about Cuba. And it was pointed out that with respect to that ammunition ship which was blown up that Mr. Castro had not, upon examination of the transcript, had not actually said that the Americans blew it up. He said that the people who didn't want the Cubans to get arms blew the ship up, and Americans didn't want the Cubans to get arms. And each of the newspaper men present disclaimed any responsibility for this episode. Bill Lawrence of the New York Times who was the moderator asked us to ask you the question, "Where were you that day?"

(Laughter)

Having got the complete answer to that question, I'm sure the audience ---

AWD: "I plead innocent on that."

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One of the questions sent in, Allen, was: this group would like to hear your comment on the relationship of the Soviet Union and Communist China.

AWD: One of the troubles I might mention that Khrushchev has is with China. At the moment it's an unhappy marriage. But we don't see it directed toward the divorce courts in the very near future. There's a great deal of ideological bickering back and forth between the Soviet Union and China. The Soviet Union is worried about the rapid industrial growth of China; it sees these 500,000,000 people on its frontiers crowded together and then north of it the great mass of Siberia that is very largely underpopulated. Ideologically as I see their differences Khrushchev disliked the attempt to introduce the commune system in China. He felt that was going to discredit his form of Socialism moving toward Communism; that they were leaping too fast. China does not like the fact that it is excluded from high level conferences such as the Summit. They feel they have to agitate and do things in order to get themselves advertised and not to be left behind. The situation is unhappy. But they can't afford to break. And I don't see any likelihood of breaking. What China today gives to the Soviet Union is pretty much on a cash and carry basis. There are not any large outstanding credits being given

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at the present time of the nature that the Soviet is extending lavishly elsewhere, which are very largely fictitious credits anyway. The Soviet is not giving, as far as we can tell, any very sophisticated modern weapons of the nuclear ballistic type to the Soviet Union. They may have given them some short range ballistic missiles but no nuclear warheads, we believed, opposite Formosa. I think the frictions are likely to continue and maybe even to grow more serious. I rather hope they do. It's all in our interest that they should. But as I say it is at the moment not a happy marriage. But still a marriage.

One of the questions, Allen, that some of our participants are interested in was whether there has been any acceptable change in any of the Soviet policies resulting directly from Mr. Khrushchev's visit to this country. You feel that had any impact on the immediate or basic long-range policies?

AWD: Well, one important result of the visit was the agreement by Mr. Khrushchev that there was no specific time limit on his Berlin ultimatum. He pretty nearly revived the element of a time element in his speeches in Indonesia but didn't quite go over the danger line at

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that time. I think that Khrushchev got two or three things out of his visit here. I'm inclined to think from the reports we have that he went back believing that the American people by and large wanted peace. He thinks that among a group such as this there are quite a lot of war mongers and munitions makers and so forth and so on that still believe that war is necessary or might be helpful for business; but by and large I think he got somewhat of a changed view of the attitude of the American people. He certainly was impressed by our industrial power. I think that he found it even greater than he expected. We do not see any basic changes in his policy and I think he still went back to the Soviet Union, as he indicated in his final speech, with a view that in the long run his system was going to overtake and destroy our system and that our great-grandchildren would probably live under a Communist regime. That idea he has not changed. We find nothing in the subversive and the covert side indicating any relaxation -- if anything there's been a step-up of covert subversive actions against the Free World and not any decline over the last year.

Allen, I'm sorry, this is extremely interesting, and I apologize to our audience for having to stop it here. Thank you very much.